

# **MATCOR-MATSU AUTOMOTIVE GROUP SUPPLIER QUALITY MANUAL**

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## 1. INTRODUCTION

The expectations, requirements and standards defined within this manual are applicable to suppliers providing materials, products and services to any Matcor-Matsu Automotive Group Manufacturing facility that go into or affect the final product. This includes suppliers of direct materials, packaging materials and services (including containment, sorting and calibration services) with potential impact on any product characteristics affecting Matcor-Matsu Automotive Group's Customer Requirements. These requirements also apply, in whole, to any supplier that is directed to Matcor-Matsu Automotive Group, by any Customer. The requirements as detailed in this manual define basic requirements and are supplemental to specific requirements as communicated by your procuring division. This manual is 'distributed' only via the Matcor-Matsu Automotive Group website - <http://www.matcor-matsu.com>. Printed copies are uncontrolled documents. The suppliers are expected to remain up to date on Matcor-Matsu Automotive Group requirements by frequently visiting the website. Visiting the website should become a business routine. Questions regarding this manual should be directed to Matcor-Matsu Automotive Group manufacturing facility supplier's quality contact. Each Supplier is responsible for control and distribution of this manual within the supplier organization. It is the supplier's responsibility to ensure that the supplier's system meets all requirements of the latest procedure.

### 1.1 *THE MATCOR-MATSU AUTOMOTIVE GROUP – SUPPLIER RELATIONSHIP*

Matcor-Matsu Automotive Group is committed to maintaining its position as a global leader within the automotive sector and we recognize the integral role that each supplier to Matcor-Matsu Automotive Group has in maintaining our position of excellence in innovation, technology, cost, quality and delivery. Our intent is to establish strategic, long-term relationships with our suppliers and it is incumbent on each supplier to maintain a position of cost leadership while demonstrating a commitment to sustained quality, highest levels of service and a strong focus on continuous improvement.

We will endeavour to make every effort to manage our supplier relationships with the highest degree of integrity and professionalism, and we will ensure that our decisions are based upon optimization of value to Matcor-Matsu Automotive Group. We will not allow any undue influence or inappropriate activity to compromise those decisions.

This Supplier Manual outlines the fundamental requirements for suppliers to Matcor-Matsu Automotive Group. The Quality Systems requirements have been aligned across all our manufacturing sites, to the greatest extent possible. Suppliers are expected to comply with all specific requirements. The quality and delivery requirements defined herein are to be considered an addendum to the Purchase Order issued to suppliers of direct material, and do not replace or alter the terms or conditions covered by these purchasing documents or warranty agreements. Suppliers are also expected to comply with any terms and conditions imposed on Matcor-Matsu Automotive Group, by the customer to whom the final products are ultimately being shipped. This includes compliance with any specific forms or documents specified by any Customer of Matcor-Matsu Automotive Group. Suppliers to Matcor-Matsu Automotive Group are also expected to manage their sub-tier suppliers of products and services to ensure compliance to the requirements defined within this manual, Matcor-Matsu Automotive Group Purchasing Terms & Conditions and any additional Customer or plant specific requirements.

## 1.2 COMMUNICATION – NOTIFICATION OF CHANGES

It is critical that the relationship between Matcor-Matsu Automotive Group and our suppliers be premised on open, effective and proactive communication. The occurrence of non-conforming product, unauthorized changes or any related supply chain issues, present a risk to both Matcor-Matsu Automotive Group and to Matcor-Matsu Automotive Group's customer(s), when not communicated and managed effectively. These risks also manifest themselves at the sub-tier suppliers and sub-contractors that comprise the overall supply chain. In order to manage these risks most effectively, suppliers must communicate as early as possible, the following:

1. Any pending or potential issue which the supplier has identified.
2. Proposed material and/or process changes, including any change in process or product safety or critical characteristics.
3. Proposed changes, including:
  - Manufacturing location change
  - Tooling capacity change
  - Re-commissioning of tooling that has been inactive for one year
  - Tooling refurbishment/replacement
  - Tooling transfer (re-source)
4. Any potential manufacturing/quality issues. Proactive communication of Quality concerns is encouraged. Any proactive sorts initiated will not be reflected in the supplier Quality Score.
5. Any potential supply and/or capacity issues.
6. Information Technology (IT) or supporting system changes that might impact production or shipment of product to Matcor-Matsu Automotive Group.
7. Organizational changes with the potential for impact on manufacture or supply of product to Matcor-Matsu Automotive Group.

Suppliers will support all tests, validations, approvals and submissions required as a result of product or process changes, as directed by Matcor-Matsu Automotive Group. Suppliers cannot charge for samples or testing resulting from supplier related or requested changes, unless approved by Matcor-Matsu Automotive Group.

Suppliers must be proactive in their communication with Matcor-Matsu Automotive Group. Failure to notify Matcor-Matsu Automotive Group of potential issues or changes will result in escalation, as appropriate, and may result in notification of the issue to Matcor-Matsu Automotive Group's customers. If necessary, a supplier's ISO/IATF Registrar will be contacted and asked to conduct any necessary investigations or assessments. Continued non-compliance may lead to loss of business.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.2.1.1 Customer Communication – supplemental Formel-Q-Capability Appendix (Chapter 2; 7.2) Access approval for the VOLKSWAGEN Group Communication Platform ([www.vwgroupsupply.com](http://www.vwgroupsupply.com)) (VW Suppliers only).

### 1.3 CONTINUITY OF SUPPLY

Suppliers are required to have well defined business contingency plans in place to ensure continuity of supply in the event of disruption to their operations and/or supply of materials, as a result of man-made events, natural disasters, utility or labour disruptions or equipment or logistics failures or interruptions. These contingency plans shall be reviewed on a regular basis. Suppliers shall immediately notify Matcor-Matsu Automotive Group manufacturing facilities to which they ship product, the moment they become aware of any potential supply disruption. Suppliers shipping to a Matcor-Matsu Automotive Group manufacturing facility, from a unionized facility, are required to submit a strike plan at least three (3) months prior to contract expiry. This plan needs to detail contingencies to meet material requirements in the event of a labour disruption.

Each supplier to Matcor-Matsu Automotive Group shall identify an individual from the supplier's manufacturing location, with sufficient authority to assume responsibility for dealing with any product quality and/or delivery related issues that may impact Matcor-Matsu Automotive Group or Matcor-Matsu Automotive Group's Customers. The identified contact needs to be available at any time such issues arise. Contact information shall be made available to the Matcor-Matsu Automotive Group plant being supplied.

### 1.4 SOCIAL RESPONSIBILITY

#### *The Environment*

Matcor-Matsu Automotive Group is committed to environmental responsibility and has many different programs designed to protect our environment and manage critical resources so as to sustain and replenish these resources for future generations. We expect our suppliers to show the same dedication and commitment to the environment, and recommend certification to ISO14001 environmental standards. Suppliers not currently holding environmental certification are encouraged to develop a plan of execution having the objective of achieving certification status. Matcor-Matsu Automotive Group supports End-of-Life Vehicle (ELV), International Material Data System (IMDS) and REACH directives. As required, suppliers shall comply with applicable standards on the classification, packaging and labeling of hazardous substances and mixtures, including national implementations of the UN Globally Harmonized System (GHS), such as Regulation (EC) No 1272/2008 on the classification, labeling and packaging of substances and mixtures (CLP Regulation) and the Workplace Hazardous Material Information System (WHMIS). Matcor-Matsu Automotive Group expects our suppliers and their sub-tier suppliers, as appropriate, to register and comply with all applicable reporting requirements that are applicable to their products and processes, i.e.:

**GHS Emissions:** Suppliers are encouraged in identifying GHG emission sources, defining and adjusting an inventory base year, and tracking emissions over time.

**Energy efficiency:** Suppliers are encouraged to increased energy efficiency, this way can lower the greenhouse gas (GHG) emissions and other pollutants.

**Renewable energy:** Renewable energy provides substantial benefits for our climate, our health, and our economy. Most renewable energy resources emit no carbon pollution,

Suppliers are encouraged to increase the usage of the energy from renewable sources.

Water quality and consumption: Clean, safe, and adequate freshwater is vital to the survival of all living organisms and the smooth functioning of ecosystems, communities, and economies. Suppliers are encouraged to take integrated approaches to water management and to focus on pollution prevention.

Sustainable resources, management, and waste reduction: The goal of sustainable waste management is to reduce the amounts of natural resources consumed, reusing the materials taken from nature as much as it is possible, and creating as minimal waste as possible. It is the responsibility of each organization to maintain sustainability for the benefit of our environment as well as future generations.

### *Conduct and Ethics*

Matcor-Matsu Automotive Group believes in conducting business with integrity, fairness and respect in all countries where we have a presence. Our employees will not, directly or indirectly, offer bribes, kickbacks or other similar payments for the purpose of influencing business decisions and we expect our suppliers to have policies and procedures in place that ensure the absence of similar corrupt practices with their own employees. We will manage our supplier relationships in good faith and we expect suppliers to exercise similar discretion in our relationship and in their relationship with their suppliers.

All Matcor-Matsu Automotive Group suppliers are required to comply with Matcor-Matsu Automotive Group's Code of Conduct and Ethics and all applicable federal, provincial, state and local laws, ordinance, rules, codes, standards and regulations. To prove compliance, suppliers may be required to obtain compliance certification from Trace International, Matcor-Matsu Automotive Group's preferred vendor, or a comparable due diligence report from a qualified law firm of the supplier's choice, and approved by Matcor-Matsu Automotive Group.

### *Global Working Conditions*

Recognizing that our supply chain spans many different regions around the globe, Matcor-Matsu Automotive Group is committed to maintaining global working conditions and standards that result in dignified and respectful treatment of all employees within all our global operating locations, as well as those of our supply chain. It is therefore Matcor-Matsu Automotive Group's expectation that our suppliers will have appropriate policies, procedures, and systems in place, to support the following:

- a) Child Labour: Child labour shall not be utilized. Underage labour, as defined by local labour law, will not be utilized unless it is part of a government approved training or apprenticeship program that clearly benefits the participants.
- b) Modern slavery: Any form of forced or compulsory labour is prohibited.
- c) Whistleblowing and protection against retaliation: Workers, without fear of reprisal, intimidation or harassment should be able to communicate openly with management regarding working conditions. They shall also have the right to associate freely and join labour

unions and workers' councils in accordance with local laws.

d) Harassment and non-discrimination: Workers shall be protected against any form of harassment and discrimination in any form, including but not limited to gender, sex, age, religion, disability and political beliefs.

e) Health and Safety: Workers shall have a safe and healthy workplace that meets or exceeds all applicable standards for occupational health and safety.

f) Wages and benefits: Workers shall be compensated with wages and benefits that are competitive and comply with local law, including minimum wages, overtime hours and legally mandated benefits.

g) Working hours: working hours shall comply with all applicable local laws regulating hours of work.

h) Conflicts of interest: Personal relationships with suppliers, customers, contractors and other associates must not affect your ability to act in a manner that is best for the Company. All suppliers must disclose any actual or potential conflict of interest and discuss it with Matcor-Matsu management. Any activity that is approved, despite an actual or apparent conflict, must be documented.

- Bribes and Kickbacks. Company associates shall not offer, give, solicit, or receive any form of bribe, kickback, or improper inducement in order to secure business from customers, award contracts to suppliers or gain regulatory approval from government officials. This applies to all transactions everywhere in the world, even where the practice is widely considered "a way of doing business."

- Corruption, extortion. Suppliers shall take a zero-tolerance approach to corruption and extortion, and shall commit to acting professionally, fairly and with integrity in all its business dealings and relationships. The goal shall be to avoid acts which might reflect adversely upon the integrity and reputation of the Company.

i) Export and trade compliance: Our suppliers must comply with all applicable laws and regulations concerning export licences and other consents in connection with any goods and services, transactions, and transactions in so-called Sensitive Countries or with legal and natural persons subject to restrictive measures.

j) Counterfeit parts: Our suppliers should use the best quality goods, materials, standards and techniques, and ensure that all goods and materials supplied, used or transferred to the Company will be free from defects in workmanship, installation and design, as well as free of second hand, counterfeit and/or replica parts.

It is our expectation that all our suppliers will maintain these global working conditions in all their operations, while also promoting adoption of these principles with their own suppliers. Failure to comply with any of these working conditions may prevent the award of future business and could lead to loss of existing business, in response to the severity of violations and as deemed appropriate by Matcor-Matsu Automotive Group.

### *Conflict Minerals*

Under legislation which came into effect in 2012, manufacturers who file certain reports with the U.S. Securities and Exchange Commission (SEC) must disclose whether products they manufacture, or contract to manufacture, contain conflict minerals that come from sources that support or fund inhumane treatment in the region of the Democratic Republic of the

Congo or an adjoining country.

OEM Customers are required to be in compliance with Conflict Mineral Reporting. To ensure compliance with the SEC and OEM requirements the Matcor-Matsu Auto Group is required to request that suppliers under contract with Matcor-Matsu, review, manage and enforce compliance in order to prevent the use of conflict minerals.

Matcor-Matsu Automotive Group requires all suppliers be free from conflict minerals, in the product or processes they support the Matcor-Matsu Automotive Group and OEM's with. Conflict Mineral Reporting is required to be reviewed and updated on annual basis and/or as required by the OEM customer supplier product/process are applied towards.

Any supplier contacted by Matcor-Matsu Automotive Group, must support Matcor-Matsu Automotive Group by accurately conducting their due diligence through the CMRT process and provide all requested data and reports.

Additional information on conflict minerals reporting can be found by checking either of these two links:

- <http://www.aiag.org>
- <http://www.conflict-minerals.com>



## **2. BASIC REQUIREMENTS**

### **2.1 SUPPLIER QUALIFICATIONS**

Any suppliers currently shipping to any Matcor-Matsu Automotive Group must provide all information profiling applicable business systems, commodity capabilities and identifying key contact personnel. If a supplier has multiple manufacturing sites with applicable unique DUNS identification, each manufacturing DUNS site is required to provide all information profiling applicable business systems, commodity capabilities and identifying key contact personnel details. Suppliers are required to maintain information up to date, at a minimum; data must be reviewed and, if necessary, updated at least annually. Maintaining current information is critical to all Matcor-Matsu Automotive Group buyers and quality personnel.

Suppliers to Matcor-Matsu Automotive Group must also meet key operational, financial and quality criteria, which combined determine a supplier's status. These metrics are reviewed on a regular basis and assist in development of Matcor-Matsu Automotive Group's overall purchasing strategies.

### **2.2 CERTIFICATIONS**

Matcor-Matsu Automotive Group's goal is for all suppliers of materials and services, producing or affecting direct production material, to demonstrate conformity to the latest IATF16949/ISO9001 standard, and to other standards that might be directed by the procuring plant(s) including, but not limited to ISO17025, OHSAS18001, ISO/IEC27001 and ISO15504 SPICE. Unless an exemption is provided by your procuring Matcor-Matsu Automotive Group manufacturing facility, suppliers must be certified, by an accredited certification body, to the latest ISO9001 standard requirements. Suppliers without exemption and who are not currently certified to IATF16949 should have an implementation plan for IATF16949 certification. Matcor-Matsu Automotive Group also encourages our suppliers to work towards certification to Occupational Health and Safety standards through certification to OHSAS18001. Suppliers will be subjected to an initial management system assessment, by a qualified Matcor-Matsu Automotive Group auditor, as part of the selection process and once qualified the management system audit will be conducted on regular basis or as needed. Should any existing certification expire, be revoked, or be placed in suspension or probation, the supplier must immediately contact Matcor-Matsu Automotive Group manufacturing facility to which the supplier ships product, notifying them of the change in certification status. Any suspension in certification status must be reported to all applicable Matcor-Matsu Automotive Group manufacturing facilities within 5 working days.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 9.2 Internal Audit VWAG requires a yearly Supplier Self Audit (VA/SL) acc. Formel-Q-capability (Chapter 3)), a Self Audit has valid time period of max. 12 months. A specific Self-Audit-Format is supplied on Volkswagen Group B2B [xww.vwgroupsupply.com](http://xww.vwgroupsupply.com) "Format for Supplier Self Audit" Supplier Self Audit (VA/SL) must be conducted by certified VDA 6.3 auditors (see auditor qualification in Section 3.2 of FQF 8.0). Formel-Q- Capability-Appendix must be considered. In case of D/TLD-marked parts supplied to VWAG, a D/TLD-Supplier-Self-Audit according to Formel-Q-capability is required within

every 12 month. (Formel-Q-Capability, Chapter 7: “Quality Verification Audit for D/TLD Parts” (VW Suppliers only).

Where applicable, suppliers shall also maintain CQI-9 (Heat Treat System Assessment), CQI-11 (Plating System Assessment), CQI-12 (Coating System Assessment), CQI-14 (Warranty), CQI-15 (Welding), CQI-17 (Soldering) and all other FMVSS Standards, including but not limited to FMVSS 302 (Flammability reporting) requirements, if directed by your procuring Matcor-Matsu Automotive Group manufacturing facility and in support of applicable OE Customer-specific requirements.  
(Ref. [www.iafglobaloversight.org](http://www.iafglobaloversight.org))

In addition to direct material suppliers the scope of these requirements applies to suppliers of subassembly, sequencing, sorting, re-work (either on-site or at a remote location) and calibration services. Suppliers are expected to maintain the same level of quality and manufacturing controls for the production of service parts and assemblies (i.e. for the full life of the program). This shall include any service requirements transferred to any alternate site, location or organization.

Suppliers shall provide all applicable certifications to respective Matcor-Matsu Automotive Group manufacturing facilities. In the event of a lapse between certification expiry and issue of a new certificate, the supplier shall provide the issued letter of recommendation from their registrar to respective Matcor-Matsu Automotive Group manufacturing facilities.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.4.1.2 e) Supplier selection process VWAG requires in the Formel Q-Capability Software (Chapters 4-8) the employed quality assurance tools for evaluation suppliers' quality capability to develop software products. Depending on the product additional requirements may apply, which are described in other applicable documents indicated in Formel Q-Capability Software (Chapter 2) (VW Suppliers only).

## **2.3 SUPPLIER ASSESSMENTS**

Matcor-Matsu Automotive Group reserves the right to review and assess a supplier's financial, operational, quality, environmental and Health & Safety systems, for the purposes of validating compliance to standards established by applicable IATF16949/ISO9001 Standards or requirements as detailed within this manual. Assessments or reviews may be conducted from time to time in order to ensure the on-going stability and viability of Matcor-Matsu Automotive Group's supply base. Suppliers are expected to provide, upon reasonable notice, access to their facility as well as those of sub-tier suppliers, as necessary. All appropriate measures will be taken to protect confidentiality of operational and financial information.

Assessment results are intended for verification of applicable IATF16949/ISO9001 requirements and in no way reduce or negates responsibility to meet specific regulatory, health and safety or other legal requirements applicable to the supplier.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 7.2.4 / 8.4.2.4.1 Second party auditor competency /

Second party audits Formel-Q-Capability Appendix (Chapter 2; 5.7) The process-audits in the supply chain must be conducted in accordance to Formel-Q-Capability by certified VDA 6.3 auditors (see auditor qualification in Section 3.2 of FQF 8.0) (VW Suppliers only).

### **3. PRODUCT/PROCESS DEVELOPMENT & PART APPROVAL**

#### **3.1 *DEFINING THE SCOPE***

Matcor-Matsu Automotive Group requires suppliers to complete all advance product planning and submission in full accordance with the AIAG Advance Product Quality Planning and Control Plan manual. Unless otherwise directed and approved by your procuring Matcor-Matsu Automotive Group manufacturing facility, all submissions shall be as per Level 3 requirements, at minimum. As determined by Matcor-Matsu Automotive Group's customer and upon request by Matcor-Matsu Automotive Group, suppliers must additionally meet submission requirements as per Customer Specific Requirements, i.e.: FCA Customer Specific Requirements, Ford Motor Company – Customer Specific Requirements, GM Global Supplier Quality Manual, Honda Motor Supplier Quality Manual, Honda North America Supplier Quality Manual, Toyota Supplier Quality Assurance Manual, Volkswagan Specific Requirements.

Suppliers shall conduct all necessary and prescribed activities to ensure clarity of all customer and Matcor-Matsu Automotive Group-specific expectations as defined within Purchase Orders, etc. This includes activities and reporting related to design, testing, verification and/or validation and product conformance. Suppliers shall conduct and document detailed feasibility reviews to ensure all technical, manufacturing, performance, specification, certification (homologation) and timing requirements can be supported. Suppliers shall submit such feasibility reviews to Matcor-Matsu Automotive Group, upon request. In cases where product certification (homologation) is required, the supplier is responsible for ensuring completion of all homologation specifications and requirements. Responsibilities shall be mutually agreed upon prior to the start of any certification activity. Suppliers will ensure that resources are available and able to communicate effectively, to ensure successful completion of all requirements to meet defined program timing. It is also the responsibility of suppliers to ensure any sub-tier suppliers for which they are responsible, also have sufficient resources assigned. Suppliers will develop timing and progress charts, in a format as defined by the procuring Matcor-Matsu Automotive Group manufacturing facilities, and will maintain and review timelines on a regular basis.

As defined specifically by the Matcor-Matsu Automotive Group, suppliers must have the ability to securely communicate CAD data, as required. The supplier shall have adequate safeguards in place to prevent any improper use or communication of this data.

Suppliers are expected to use all appropriate tools in the product and process planning phase including, but not limited to:

- Geometric dimensioning & tolerancing (GD&T)
- Design for manufacturing & assembly (DFMA)
- Design of experiments (DOE)
- Simulation & Modelling

- Failure Modes & Effects (FMEA), Including VDA FMEA format where required
- Finite Element Analysis (FEA)

The supplier's scope of planning will also ensure that all capital and tooling budgets necessary to support the program, are approved and in place in time to meet timing requirements.

### 3.2 PLANNING & DEFINITION OF REQUIREMENTS

Suppliers will work with the appropriate Matcor-Matsu Automotive Group manufacturing facilities to ensure definition of key program deliverables, including at minimum:

- Definition of all customer expectations and government or legislative requirements (e.g. FMVSS) related to product development and approval, as well as serial launch and production. Customer requirements shall include all requirements of the applicable Matcor-Matsu Automotive Group manufacturing facilities as well as all final Customer and compliance expectations and requirements.
- Review of past warranty issues (as applicable) for any similar product design and/or application. Wherever possible, every attempt to benchmark competitor products shall be made. The warranty analysis shall include all sub-tier suppliers, where appropriate.
- Historical quality data on previous designs or revisions of the current part, or on similar parts and manufacturing processes, shall be reviewed. Problem reports and corrective actions shall be reviewed to ensure inclusion of adequate controls to prevent recurrence of previous non-conformities.
- Any campaign prevention data, or government recall or technical service bulletin data shall be reviewed, if available.

Suppliers shall work closely with Matcor-Matsu Automotive Group to ensure all processes are controlled adequately so as to prevent the manufacture and transfer of defects. Process controls must be sufficient so as to control failure modes identified through the Process Failure Modes Effects Analysis (PFMEA). During pre-launch and ramp up, supplier must be defect free, or be placed on Controlled shipping status through either second or third part means.

Special attention shall be given to all Customer attach or interface points on the final product and to critical processes such as heat treating, plating, coating, soldering, welding and appearance items.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.6.5 Statutory and regulatory conformity It is to expect a worldwide use if certain destinations were not specifically restricted by Volkswagen Group (VW Suppliers only).

### 3.3 *PRODUCT DESIGN & DEVELOPMENT*

Suppliers with design responsibility must receive Matcor-Matsu Automotive Group approval of all product design, test and validation specifications, including CAD specifications and transfer requirements. All deviations must be approved by Matcor-Matsu Automotive Group, in writing, in advance of implementation. Supplier requests for deviations and engineering approvals shall be documented and controlled as per the requirements and documents of the procuring plant(s).

Suppliers with design responsibility must complete all appropriate Design Failure Modes Effects Analysis (DFMEA), in compliance with latest AIAG standards and have them available for review and approval by Matcor-Matsu Automotive Group. The supplier and Matcor-Matsu Automotive Group will establish performance approval expectations for each phase including Engineering Validation (EV), Design Validation (DV) and Production Validation (PV) as defined by the procuring plant(s).

Data and results from EV, DV and PV testing shall be used in the design and construction of test and inspection equipment that will later control the manufacturing process.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.3.2.1 Design and development planning – supplemental VWAG requires all Suppliers to implement the Maturity Level Assurance process (QPN-I) See: Formel-Q-konkret (Chapter 3.1) (VW Suppliers only).

### 3.4 *TOOLING, ASSEMBLY EQUIPMENT, GAUGES & TEST FIXTURES*

Tooling, Assembly Equipment, Gauges & Test Fixtures design and build is generally the responsibility of the supplier, however many Matcor-Matsu Automotive Group plants have developed detailed Tooling, Assembly Equipment, Gauges & Test Fixtures Standards to ensure suppliers manufacture tools that will provide high quality parts throughout the life of the tooling. These Tooling, Assembly Equipment, Gauges & Test Fixtures Standards will be communicated to you via the procuring plant, if necessary. Suppliers are responsible for the maintenance of all tooling, testing and inspection equipment. Customer owned tooling, gauges and test fixtures must be identified as prescribed by the customer, including identification with appropriate asset tags, or similar identification. Final payment of tooling, assembly equipment, gauges & test fixtures will be contingent upon verification of proper identification and completion of PPAP as defined by AIAG PPAP or additional Customer Specific Requirements, i.e.: FCA Customer Specific Requirements, Ford Motor Company – Customer Specific Requirements, GM Global Supplier Quality Manual, Honda Motor Supplier Quality Manual, Honda North America Supplier Quality Manual, Toyota Supplier Quality Assurance Manual, Volkswagen Specific requirements. PPAP approval will not be signed off without completion and signing of Matcor-Matsu Automotive Group approved documentation (i.e. receipts incorporating pictures of tooling, assembly equipment, gauges and test fixtures, and associated tagging or identification) reflecting the rights of Matcor-Matsu Automotive Group and its customer in goods, including tooling, which are placed in supplier's care and custody. At any time following notification to the supplier, Matcor-Matsu Automotive Group reserves the right to complete an on-site inspection of tooling owned by any Matcor-Matsu

Automotive Group customer directly, or by Matcor-Matsu Automotive Group.

Payment terms may differ within various Matcor-Matsu Automotive Group and suppliers need to make certain that they reference any applicable tooling purchase order(s) for actual payment schedule.

### *3.5 PROCESS DESIGN & DEVELOPMENT*

As part of the advance planning process, suppliers must design and develop a manufacturing process that will meet quoted production volumes and all quality requirements as approved by Matcor-Matsu Automotive Group. Quality planning documentation such as Failure Modes Effects Analysis (FMEA), Process Flow Diagram (PFD, PQCT I) and Process Control Plan (PCP, PQCT II, MQC), Inspection Standards must be developed, reviewed and approved by Matcor-Matsu Automotive Group prior to production approval and launch. When a FMEA has a severity or failure mode of 9 or 10, or as defined by any unique requirements of a Matcor-Matsu Automotive Group customer, the risk must be addressed through design action / controls or process prevention/correction actions, regardless of the Risk Priority Number (RPN). Suppliers are expected to have a strong focus on prevention, as opposed to detection, and potential failure modes identified through the Advance Quality Planning process must have appropriate error-proofing designed into the manufacturing process to ensure capture and containment of product non-conformances. Suppliers must ensure that sufficient floor space is available to support all necessary manufacturing and testing equipment. Once production approval is received from Matcor-Matsu Automotive Group, any change to the manufacturing process must be communicated to Matcor-Matsu Automotive Group, prior to the change taking place. These changes must subsequently be approved by Matcor-Matsu Automotive Group prior to implementation.

The supplier will also develop necessary packaging and labeling, as per Automotive Industry Action Group (AIAG) or as defined by Customer or any applicable legal requirements. In the event that specialty handling or packaging is required, the appropriate Matcor-Matsu Automotive Group plant will communicate requirements to the supplier.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.3.2.1 Design and development planning – supplemental VWAG requires all Suppliers to implement the Maturity Level Assurance process (QPN-I) See: Formel-Q-konkret (Chapter 3.1) (VW Suppliers only).

### *3.6 PRODUCT & PROCESS VALIDATION*

Prior to final production approval, the supplier shall validate all control documentation (FMEA, PCP, PQCT II, MQC and PFD, PQCT I) to ensure the manufacturing process is properly detailed and all measurement and control systems are identified and implemented. The supplier shall establish appropriate production reliability/quality goals along with disciplined corrective action processes to drive improvement through the manufacturing process. Production Validation (PV) samples must come from the approved manufacturing process

and flow, unless specifically authorized in writing by the procuring Matcor-Matsu Automotive Group manufacturing facility. Final production approval will require completion of all AIAG/Customer Requirements prescribed activities including component part dimensions, material certifications (as defined by procuring plant) and all approved supporting documents, and any additional requirements that may be defined by your procuring Matcor-Matsu Automotive Group manufacturing facility. Deviations required to be part of a PPAP submission package, must be approved in writing by the procuring Matcor-Matsu Automotive Group manufacturing facility, prior to PPAP submission. Unless otherwise specified by Matcor-Matsu Automotive Group, all level 3 requirements as detailed in the AIAG PPAP Manual or additional Customer Specific Requirements, i.e.: FCA Customer Specific Requirements, Ford Motor Company – Customer Specific Requirements, GM Global Supplier Quality Manual, Honda Motor Supplier Quality Manual, Honda North America Supplier Quality Manual, Toyota Supplier Quality Assurance Manual. Unless otherwise approved in writing, by Matcor-Matsu Automotive Group, production approval will be contingent upon successful completion of run-at-rate production trials at the quoted rates, including low or high threshold rates as defined by Matcor-Matsu Automotive Group, and using the procuring plant's process and form. Successful run-at-rate must meet statistical capability requirements as defined through technical, AIAG/ FCA Customer Specific Requirements, Ford Motor Company – Customer Specific Requirements, GM Global Supplier Quality Manual, Honda Motor Supplier Quality Manual, Honda North America Supplier Quality Manual, Toyota Supplier Quality Assurance Manual, or as approved by Matcor-Matsu Automotive Group. For suppliers with IMDS/REACH requirements, verification of data entry (using approved MDS number) must be submitted with PPAP. Failure to comply may result in a delay of PPAP approval and subsequent payment of tooling funds (for assistance with the IMDS system contact the IMDS Helpdesk at the contact numbers listed within the IMDS site at [www.mdsystem.com](http://www.mdsystem.com)). Final approval will be determined by the procuring plant. Suppliers are also expected to develop and implement detailed launch readiness reviews.

All product characteristics, as identified by Matcor-Matsu Automotive Group or its OE Customer, affecting design, manufacture, assembly, fit or function (including future / subsequent processing), will be identified and communicated by the procuring Matcor-Matsu Automotive Group manufacturing facility. As part of the ultimate product and process validation, suppliers shall be required to establish, validate and maintain short and long term capability, as defined by Matcor-Matsu Automotive Group. Customer designated special characteristics, as identified by Matcor-Matsu Automotive Group or its Customer, affecting safety or compliance with regulations, must be validated to have acceptable short and long term capability and must be controlled through acceptable statistical process control methods.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 4.4.1.2 Product safety VWAG requires a management role defined as "Product Safety Representative". See Formel-Q-konkret, Chapter 4.2 – Product Safety Representative (PSB) and "Produktsicherheitsbeauftragte bei Lieferanten (PSB)" / "Product Safety Representative (PSB)" in [www.vwgroupsupply.com](http://www.vwgroupsupply.com) VW-specific Remark to "Note": VWAG considers the "special approval" a responsibility of the supplier. No additional approval by VWAG is required (VW Suppliers only).

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.2.3.1.2/ 8.3.3.3 Customer-designated special characteristics VWAG requires suppliers that supply parts with D/TLD-marking, to perform an

annual self-audit according to the VW-defined D/TLD-Audit. (See: Formel-Q-Capability (Chapter 7) – Quality Verification for D/TLD-Parts; Formel-Q-Capability Appendix (Chapter 2; 6.2.3; D/TLD-requirements) (VW Suppliers only).

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.6.1 Release of products and services Formel-Q-konkret (Chapter 3.2) - Initial Sample testing and approval: The sample testing is to be based on VDA vol.2. The latest version of Formel Q-Neuteile Integral contains additional, more detailed Customer requirements regarding the sample testing process. This section 3.2 defines rules for designated parts in assemblies and for assuring consistent component quality. Responsibility for the initial sample testing and approval of designated parts in higher-level assemblies resides with the first-tier Supplier in coordination with the receiving plant (if there is more than one, with the receiving plant of first use, which is generally also the type leader plant). (refer for complete requirements to Formel-Q-konkret, Chapter 3.2) (VW Suppliers only).

The supplier's annual revalidation to the technical specifications and submission level, as applicable, shall be conducted as per Matcor-Matsu Automotive Group's Customer Specific Requirements or as directed by their procuring manufacturing facilities.

Reference samples must be provided at no cost, for any product requiring surface finish or appearance requirements. These samples shall be taken from a production run made under serial production conditions. Suppliers shall provide the number of samples required by Matcor-Matsu Automotive Group and all samples must be regarded as controlled samples, along with approval signatures and expiry dates, if applicable. Samples will represent the minimal acceptance standards.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.6.2 Layout inspection and functional testing (deutsch: Requalifikationsprüfung) Formel-Q-konkret (Chapter 4.6) – Requalification In the context of Volkswagen Group the term "Requalification" is equivalent to the IATF-term "layout inspection and functional testing": To ensure quality, the Supplier must carry out a regular requalification of its scope of supply in accordance VDA publication "Robust Production Processes" (section 5.3.4). Volkswagen Group requires a complete requalification (equivalent to Production-and-Process-approval/initial sample release) at least every three years. Requalification cycles can be defined by legislation, government agencies, and by component-specific requirements (e.g. in the performance specifications/Lastenheft) and must be implemented in the related product control plan. Any deviation from the requalification content must be agreed between the supplier and the customer (VW Suppliers only).

### **3.7 FEEDBACK & ASSESSMENT**

As part of the production part approval process for all new and transfer product, suppliers shall develop an early product launch containment plan. The process shall include regular reviews of data collected as part of the containment checks, with appropriate controls and corrective action implemented to address all instances of non-conformance. Containment plans, results and corrective action must be approved by Matcor-Matsu Automotive Group and available for review upon request.



Early product containment must remain in place until the production process is validated to be stable and approval is obtained from Matcor-Matsu Automotive Group. Unless otherwise specifically directed by your procuring plant, supplier early product containment plan must remain in effect for the first 5000 parts, per part number defect free, or until the customer will provide Matcor-Matsu Automotive Group the permission to exit from Containment (whichever is more stringent).

Suppliers shall not proceed with shipments of production material without full PPAP approval, unless an approved waiver, deviation or interim approval has been granted in writing by Matcor-Matsu Automotive Group. Suppliers can only ship the volume of parts, or for the duration of time specified by the interim approval.

First shipments must be identified both pre-production, Serial Production, New Level etc., must be properly identified with two of the following placards on adjacent sides of each container.



## First Shipment Identification

<input type="checkbox"/>	Pre Production	<input type="text"/>
<input type="checkbox"/>	Initial Production	<input type="text"/>
<input type="checkbox"/>	Engineering Change	<input type="text"/>
<input type="checkbox"/>	Other	<input type="text"/>

Build Event

Change level

Description

Rev. 3/24/2020

## 4. SERIAL PRODUCTION

### 4.1 CONTROL OF FIXTURES & TEST EQUIPMENT

#### *Monitoring*

The supplier must have a documented system in place to control, calibrate, and maintain the proper function and an accepted level of repeatability and reproducibility of all inspection fixtures, measuring / testing instruments and equipment. All customer-owned fixtures and test/inspection equipment must be clearly identified in the manner prescribed by Matcor-Matsu Automotive Group or by Matcor-Matsu Automotive Group's customer, as per FCA Customer Specific Requirements, Ford Motor Company – Customer Specific Requirements, GM Global Supplier Quality Manual, Honda Motor Supplier Quality Manual, Honda North America Supplier Quality Manual, Toyota Supplier Quality Assurance Manual and Volkswagen Supplier Manual

#### *Updating Instructions*

Operating instructions must be readily available at every inspection station with a standard, describing the proper methodology for use in inspection. These instructions must include a reference to the standard, and revision level, and be approved by appropriate personnel. Whenever there is any change to the inspection procedure that affects the use of the standard, or when any identification information is revised, the operating instructions must be updated to reflect the current status. Where applicable all operation instructions must include POKEYOKE or "Red Rabbit" instructions with recorded checks available for review.

#### *Validation*

All measurement and test equipment must be calibrated annually, at a minimum, or at such greater frequency as established by the supplier's Measurement Systems Analysis (MSA) process. The calibration record/certificate must be on file at the supplier's facility, and be traceable to the actual identification information and to the appropriate standard. Calibration Services of equipment must meet the requirements of the latest released edition of IATF16949/ISO9001 standards.

#### *Inspection, Measuring, and Test Equipment Records*

Records must include any revision information, traceable to the part revision level. External/commercial/independent laboratory facilities used for inspection, test or calibration services by the supplier shall have a defined laboratory scope that includes the capability to perform the required inspection, test or calibration and must have evidence that the laboratory is acceptable to Matcor-Matsu Automotive Group or must be accredited to ISO/IEC17025 or national equivalent.

#### *Measurement System Analysis*

Gage and fixture Measurement System Analysis (MSA) must be performed as detailed in the latest released edition of the AIAG Measurement System Analysis Manual, and must meet the standards of the procuring Matcor-Matsu Automotive Group manufacturing facilities. All Calibration records should specify acceptance limits.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.5.1.6 g) Management of production tooling and manufacturing, test, inspection tooling and Equipment Volkswagen Group Standard VW 34022 for Marking of Tools, Auxiliary Tools, Test Equipment, and Gages (Identification Plate) must be ensured (VW Suppliers only).

### *Record Retention*

Suppliers are expected to maintain applicable retention periods as specified in IATF16949/ISO9001 latest edition standard, unless subject to longer retention periods in compliance with all applicable legal, governmental or Customer specific requirements, pursuant to requirements communicated in writing by the procuring Matcor-Matsu Automotive Group manufacturing facilities. Records must be stored in a location and/or environment that protects against inadvertent destruction. Following Customer Specific Requirements applies: FCA Customer Specific Requirements, Ford Motor Company – Customer Specific Requirements, GM Global Supplier Quality Manual, Honda Motor Supplier Quality Manual, Honda North America Supplier Quality Manual, Toyota Supplier Quality Assurance Manual.

## **4.2 MONITORING OF PRODUCT & PROCESS**

Manufacturing process control must include a continuous monitoring of product/process characteristics and of all key parameters influencing the manufacturing process. Appropriate statistical process control methods, or error-proofing, must be applied on all characteristics identified through the APQP process and as directed by your procuring Matcor-Matsu Automotive Group manufacturing facilities. Process parameters and product characteristics subject to legislative safety, environmental and/or emissions regulations must be documented in control plans in compliance with Matcor-Matsu Automotive Group specific requirements and IATF16949/ISO9001 requirements.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.5.1.1 Control plan (see: Formel-Q-capability, (Chapter 4.2) Product Audit) The Product Audit must be defined on the Product Control plan. Product Audit shall take place at least every 12 months for each product manufactured as a Series Production part (VW Suppliers only).

Suppliers must validate compliance to product and process requirements on a regular basis. This can be accomplished through layered process audits, systems self-audits or similar methods of verification. Records of such audits shall be available for review when requested

by Matcor-Matsu Automotive Group.

Before and after all shutdown periods, the supplier should implement additional inspection controls to all higher risk products to ensure that defects do not reach Matcor-Matsu as a result of process interventions during scheduled downtime (ie. Holidays, summer shut down or customer driven shut down periods.)

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 9.2.2.4 Product audit Product Audit acc. Formel-Q-capability (Chapter 4) – Product Audit The Supplier is obliged to conduct Product Audits according to VDA 6.5 Product Audit shall take place at least every 12 months for each product manufactured as a Series Production part. For any A and B-faults as well as systematic C-faults caused by the supplier, the supplier shall immediately inform the Supplier Quality department of the Customer by reporting the issue. The implementation of further necessary actions is to be coordinated (VW Suppliers only).

#### *4.3 NON-CONFORMANCE & CORRECTIVE ACTION*

Non-conformance notices will be issued upon discovery of defective product identified as a result of, but not limited to line rejections, mis-labelling, mis-packaging, testing failures, failed inspection results, customer concerns, warranty and/or customer returns, receipt of obsolete material or material certification or other failure modes. The non-conformance process is typically managed through the following procedure: Supplier will be notified of the concern, through a Material Compliance Notice. All relevant containment actions must be initiated immediately and remain in place until corrective action has been reviewed and approved by Matcor-Matsu Automotive Group. Unless otherwise specified, initial response to the non-conformance must be completed within 24 hours of notification:

- Upon notification, the supplier shall initiate the Corrective Action Report (CAR) and any other supporting documentation as directed by the procuring plant(s). The initial CAR, detailing root cause and corrective action must be submitted to the Matcor-Matsu Automotive Group procuring plant within 5 working days. Validation and closure will be determined by the procuring division
- Quality and delivery non-conformance will be reflected in monthly supplier operational ratings

At the discretion of the Matcor-Matsu Automotive Group manufacturing facility, suppliers may incur costs for non-conformance issues, based on (but not limited to) the following criteria:

- Plant sort of supplier product on production line until certified stock arrives
- Production line shutdown
- Finished product sort and/or scrap of material
- Any material transfer of nonconforming supplier product
- Quality Department time for problem investigation
- Testing if required
- Any sort/rework charges incurred by the Plant
- Related transportation expenses

- Any costs incurred by Matcor-Matsu Automotive Group for disruption of our customers
- Costs associated with the disposition/return of unapproved or unauthorized material sent by the supplier
- Costs incurred by Matcor-Matsu Automotive Group associated with customer recalls or product failures, caused by supplier non-conformance

Suppliers will be responsible for all costs related to non-conformance issues, or unauthorized deviations, for which they are responsible. Those costs are charged to suppliers specifically to offset costs incurred by Matcor-Matsu Automotive Group and will vary according to the plant and specific issue involved.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.7.1.7 Nonconforming product disposition Must include suitable inspection and evidences of sub-supplier parts (VW Suppliers only).

### *Traceability*

The supplier shall follow the traceability method as determined by the procuring Matcor-Matsu Automotive Group manufacturing facility (e.g. date and shift of manufacture along with sequential processing number). In some cases, the component may be critical enough so as to warrant part identification; these instances will be communicated through the appropriate quality and engineering groups unless superseded by the procuring plant(s). Traceability requirements on prototype production parts may be defined by Matcor-Matsu Automotive Group and must be supported by the supplier. Traceability records should be traceable back to the raw material.

The supplier shall ensure implementation and management of an effective FIFO method of stock rotation.

Failure to comply with traceability requirements may lead to rejection of material and issuance of non-conforming material reports. Traceability Records shall be maintained as per Customer Specific Requirements. Traceability record retention deviations are only permitted if approved in advance in writing from your procuring plant(s).

### *Controlled Shipping*

When directed by Matcor-Matsu Automotive Group, suppliers may need to certify product after a lot rejection has occurred. Two types of controlled shipping actions are usually employed when this situation occurs:

- Supplier conducted sort and certification of subsequent part shipments, and
- Third party sorting and certification

All controlled shipping actions are the responsibility of the supplier to coordinate and manage. Any third-party arrangements, not specifically directed by Matcor-Matsu Automotive Group, must be reviewed and approved by the procuring Matcor-Matsu Automotive Group manufacturing facilities. Continued part supply to Matcor-Matsu Automotive Group must meet released quantities and without supply interruption.

The supplier and the Matcor-Matsu Automotive Group plant will agree on the method to be

used to identify all certified material.

Suppliers who are under controlled shipping or containment conducted by a third party, or external source, must notify all Matcor-Matsu Automotive Group manufacturing facilities they ship product to, of the containment activity.

### *Supplier Escalation Process*

The Matcor-Matsu Automotive Group Supplier Escalation Process is designed to assist plants in their efforts to reduce chronic supplier quality and delivery issues and drive improvement in overall supplier performance.

The escalation process is only initiated after reasonable efforts have been made at the plant level, to address concerns and drive improvement, but without satisfactory results.

The escalation process ensures that:

- Appropriate levels of management are aware of issues and engaged in the resolution process
- Adequate resources are assigned to drive resolution of issues and improvement
- Matcor-Matsu Automotive Group leverages the Customer and the Supplier's IATF/ISO Registrar appropriately where suppliers are directed by the Customer
- The Matcor-Matsu Automotive Group "New Business Hold" and/or "Re-sourcing" decision is only made after a thorough review, and a consensus by all receiving Matcor-Matsu Automotive Group manufacturing facilities
- Appropriate communication is made to both Supplier and Matcor-Matsu Automotive Group executive management

The length of time spent at each step will be affected by the risk level and cost being incurred by Matcor-Matsu Automotive Group, as well as performance in meeting defined exit criteria. Specific activities at each escalation stage may vary minimally, depending on the Matcor-Matsu Automotive Group plant involved, however in general the escalation process is as follows:

- Escalation level 1 is at the plant level and includes:
  - Division notification to supplier
  - Level 1 containment
  - Systemic corrective action plans due
  - Notification to Corporate

Escalation level 2 is at the Group/Business Unit level and includes:

- Matcor-Matsu Automotive Group notification to supplier
- Level 2 containment
- Supplier Assessment & corrective action
- Potential new business hold
- 

Escalation level 3 is at the Matcor-Matsu Automotive Group Corporate level and includes:

- Notification to Registrar
- Top level escalation meeting
- Level 2 containment (Mandatory)
- New business hold/resource

#### 4.4 PRODUCT OR PROCESS CHANGE & DEVIATIONS

All proposed changes with any potential impact on design or the manufacturing process (including changes at your sub-suppliers) must be submitted to the appropriate Matcor-Matsu Automotive Group manufacturing locations for approval, prior to implementation. Suppliers are not authorized to make changes without documented, written approval from Matcor-Matsu Automotive Group. Supplier must ensure that all supporting documentation is updated accordingly and shall be subject to a PPAP.

Deviations approvals by Matcor-Matsu Automotive Group must be documented and approved in the format used by the procuring plant(s) and are limited to a determined quantity of parts or duration of shipment. Requests must be made in advance and with ample time for implementation, if approved. Suppliers will be required to build and maintain sufficient inventories of parts, as determined by Matcor-Matsu Automotive Group, to support any changes and required approvals.

Suppliers are expected to effectively manage deviation expiry dates and must apply for any necessary extensions prior to the expiry of current deviations. Suppliers must be able to support any of Matcor-Matsu Automotive Group's Customer-specific documentation required as part of the implementation of proposed changes. The following will apply: FCA Customer Specific Requirements, Ford Motor Company – Customer Specific Requirements, GM Global Supplier Quality Manual, Honda Motor Supplier Quality Manual, Honda North America Supplier Quality Manual, Toyota Supplier Quality Assurance Manual and Volkswagen Supplier requirements.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.5.6 / 8.3.6.1 Control of Changes / 8.3.6.1/8.5.6 Design and development changes – supplemental VWAG requires its suppliers to obtain documented approval, or a documented waiver, prior to production, See Formel-Q-konkret, (Chapter 4.5) - Change management and Volkswagen Standard VW 01155 (VW Suppliers only).

Suppliers must also allow sufficient time to complete all required approvals at Matcor-Matsu Automotive Group, and at our affected Customer. Implementation of changes prior to final approval can result in:

Loss of existing status/designations

- Financial impact due to exposure to containment and other related costs to secure all unapproved materials
- Mandate to return to previous level/design materials, and associated scrap costs
- Loss of future business

Suppliers must have documented approval prior to shipping any material or product for which

a deviation from specification is required.

Initial shipment of all modified product, following implementation of the approved deviation, must be clearly identified as directed by the appropriate Matcor-Matsu Automotive Group manufacturing location.

The Supplier must request from Matcor-Matsu Automotive Group all applicable manuals, standards, norms, specifications.

As per Honda North American Supplier Quality Manual & Honda Motor Supplier Quality Manual the following flow chart will be used for Honda Engineering Change / Change Point Control Management products:



**Flowchart**  
ECN / CHANGE POINT CONTROL

Inputs	MatcorMatsu	Control Level	Explanation	Requirements	Responsibility
Design Change	New part design / Design change that affects part	A	The part drawing changes, altering the physical structure of the part. A design change is done when a new part drawing or an M/I is issued.	Initiate the IPPAAR Approve the IPPAAR IPP Tag for first shipment	Q.A. Manager Honda PQ/PH Quality Engineer
	Design change that doesn't affect part (e.g. part name/ number change)	C		Internal at Matsu Alabama Inc. Track the changes Information available for Honda	Q.A. Manager Quality Engineer
New Supplier	<ul style="list-style-type: none"> <li>• Addition of a new supplier or sub-supplier</li> <li>• Changing the supplier or sub-supplier</li> <li>• New delivery location</li> <li>• Change from in-house production to outside supplier (or vice versa)</li> <li>• Change in factory location</li> </ul>	A	A supplier or sub-supplier, who has never produced the part or component, begins manufacturing the part for Honda.	Initiate the IPPAAR Approve the IPPAAR IPP Tag for first shipment	Q.A. Manager Honda PQ/PH Quality Engineer
Material Change	<ul style="list-style-type: none"> <li>• Change of material supplier</li> <li>• Material supplier changed from outside to self-supplied (or vice versa)</li> <li>• Change in material composition</li> </ul>	A	The material(s) used to manufacture the part is changed.	Initiate the IPPAAR Approve the IPPAAR IPP Tag for first shipment	Q.A. Manager Honda PQ/PH Quality Engineer
Manufacturing Method Change	<ul style="list-style-type: none"> <li>• Casting or forging method change</li> <li>• Sintering condition change</li> <li>• Heat treatment condition change</li> <li>• Rubber or plastic molding condition change</li> <li>• Welding condition change</li> <li>• Plating or coating condition change</li> <li>• Machining or cutting condition change</li> <li>• Process standards or setting method change</li> </ul>	Honda Quality Rep to set Level	A process method, setting or condition used in manufacturing the part is changed or modified. This includes any change that effects the way the parts are produced as reflected in the PQCT. This applies when the normal control range changes, not for routine adjustments.	<p align="center"><u>For Level A</u></p> Initiate the IPPAAR Approve the IPPAAR IPP Tag for first shipment	Q.A. Manager Honda PQ/PH Quality Engineer
	<ul style="list-style-type: none"> <li>• Associate change on a critical process</li> </ul>			<p align="center"><u>For Level B</u></p> IPP Tag for first shipment Note - B level changes do not require an IPPAAR unless instructed by Honda.	Q.A. Manager Quality Engineer
Process Order Change	<ul style="list-style-type: none"> <li>• Change to the order of the process, or adding or deleting process steps</li> <li>• Change a temporary process to a permanent one (or vice versa)</li> </ul>	Honda Quality Rep to set Level	The manufacturing process order is changed or deviates from the PQCT.	<p align="center"><u>For Level A</u></p> Initiate the IPPAAR Approve the IPPAAR IPP Tag for first shipment	Q.A. Manager Honda PQ/PH Quality Engineer
	Note: If the IPPAAR process cannot be completed before parts are to be shipped (e.g. a welding robot breaks down and the process is done by hand) contact PQ/PH immediately. PQ/PH will provide instructions and requirements to suppliers in this			<p align="center"><u>For Level B</u></p> IPP Tag for first shipment Note - B level changes do not require an IPPAAR unless instructed by Honda.	Q.A. Manager Quality Engineer
				<p align="center"><u>For Level C</u></p> Matsu to track changes, information is made available to Hoda upon request	Q.A. Manager Quality Engineer

## Flowchart

### ECN / CHANGE POINT CONTROL

Inputs	MatcorMatsu	Control Level	Explanation	Requirements	Responsibility
Machine Change	<ul style="list-style-type: none"> <li>Initial use of a new machine</li> <li>Major modification or repair of a machine</li> <li>Minor modification or repair of a machine</li> <li>Equipment relocation within the same plant</li> <li>Equipment relocation outside plant or building</li> <li>Changes to machine control logic (e.g. software upgrade or replacement that affects machine function)</li> </ul>	Honda Quality Rep to set Level	When the machine initially used to produce the parts during the approval process has been changed or replaced by another machine. (Machine examples: stamping press, assembly line, injection or blow molding, forge press, etc.)	<u>For Level A</u> Initiate the IPPAAR Approve the IPPAAR IPP Tag for first shipment	Q.A. Manager Honda PQ/PH Quality Engineer
				<u>For Level B</u> IPP Tag for first shipment Note - B level changes do not require an IPPAAR unless instructed by Honda.	Q.A. Manager Quality Engineer
				<u>For Level C</u> Matsu to track changes, information is made available to Hoda upon request	Q.A. Manager Quality Engineer
Jig/Tool Change	<ul style="list-style-type: none"> <li>Change in machining master for camshaft or pistons</li> <li>Change in machining master for other parts</li> </ul>	Honda Quality Rep to set Level	The primary or secondary tooling or jigs are changed, potentially affecting the quality, function, appearance, or reliability of the part. (Jig and tool examples: welding or cooling fixtures, sonic or heat welding, etc.) assembly fixtures used in manufacturing process.	<u>For Level A</u> Initiate the IPPAAR Approve the IPPAAR IPP Tag for first shipment	Q.A. Manager Honda PQ/PH Quality Engineer
				<u>For Level B</u> IPP Tag for first shipment Note - B level changes do not require an IPPAAR unless instructed by Honda.	Q.A. Manager Quality Engineer
				<u>For Level C</u> Matsu to track changes, information is made available to Hoda upon request	Q.A. Manager Quality Engineer
Die/Mold Change	<ul style="list-style-type: none"> <li>New or renewed die or mold</li> <li>Revision or repair of the die or mold</li> </ul>	Honda Quality Rep to set Level	A die or mold that is used in the manufacturing process is new or changed.	<u>For Level A</u> Initiate the IPPAAR Approve the IPPAAR IPP Tag for first shipment	Q.A. Manager Honda PQ/PH Quality Engineer
				<u>For Level B</u> IPP Tag for first shipment Note - B level changes do not require an IPPAAR unless instructed by Honda.	Q.A. Manager Quality Engineer
				<u>For Level C</u> Matsu to track changes, information is made available to Hoda upon request	Q.A. Manager Quality Engineer
Inspection Method Change	<ul style="list-style-type: none"> <li>New or modified inspection equipment</li> <li>Measuring method change or measuring instrument type change</li> </ul>	Honda Quality Rep to set Level	The inspection methods of the part are changed, potentially resulting in either an improvement or changes in the part's quality performance. This may require a revision to the PQCT.	<u>For Level A</u> Initiate the IPPAAR Approve the IPPAAR IPP Tag for first shipment	Q.A. Manager Honda PQ/PH Quality Engineer
				<u>For Level B</u> IPP Tag for first shipment Note - B level changes do not require an IPPAAR unless instructed by Honda.	Q.A. Manager Quality Engineer
				<u>For Level C</u> Matsu to track changes, information is made available to Hoda upon request	Q.A. Manager Quality Engineer

Inputs	MatcorMatsu	Control Level	Explanation	Requirements	Responsibility
Transportation / Packaging Change	<ul style="list-style-type: none"> <li>Change in delivery method, packaging materials or containers</li> </ul>	B	The method of transporting the part to Honda, or the packaging of the part deviates from the initially approved method. The change could adversely effect the quality of the part	IPP Tag for first shipment (Note: B Leevel change do not require an IPPAAR unless instructed by Honda)	Q.A. Manager Quality Engineer
Use at Honda Direction Only	If directed to sort parts use the Sort Label Procedure HSQM-0067. In this case no actual IPP tag is sent and reason code (11) is entered into ASN along with HTR/DTR Number.	N/A	N/A		
	An IPP tag may be requested if a sort is deemed critical.	B	N/A	IPP Tag for first shipment (Note: B Leevel change do not require an IPPAAR unless instructed by Honda)	Q.A. Manager Quality Engineer
	For all other instances, enter a detailed description in the How Changed area				

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 8.3.6.1/8.5.6 Design and development changes – supplemental / Control of changes VWAG requires its suppliers to obtain documented approval, or a documented waiver, prior to production, See Formel-Q-konkret, (Chapter 4.5) - Change management and Volkswagen Standard VW 01155 (VW Suppliers only).

#### 4.5 WARRANTY

A primary focus of Matcor-Matsu Automotive Group's Customers is expenses attributed to product performance after vehicle sale. Financial liability associated with warranty is increasingly significant as consumer awareness improves and OEM Customers extend warranty coverages.

OEM Customers have stipulated that warranty costs will be shared with their supply base. As such, suppliers will be expected to participate in warranty activities including:

- Warranty returns reviews/analysis
- Improvement actions
- Warranty cost responsibility

When a supplier's component is implicated in a warranty, campaign or recall issue, with financial consequences to Matcor-Matsu Automotive Group based on Matcor-Matsu Automotive Group's Customers' warranty or recall policies, the supplier must be prepared to accept these costs. The costs for which a supplier shall be responsible shall be determined in

accordance with Matcor-Matsu Automotive Group Purchase Order Terms & Conditions, and as defined by any plant specific Statement of Requirements (SOR) or warranty agreement.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 10.2.5 Warranty management systems The process of Failure Analysis including NTF shall be implemented. Procedure shall comply with VDA Volume "Field Failure Analysis" (VW Suppliers only).

## **5. MATERIALS & LOGISTICS**

In support of lean and efficient business processes, suppliers must be able to support electronic data interchange via Standard or Web EDI.

### *5.1 GENERAL REQUIREMENTS REGARDING LOGISTICS PROCESSES*

Suppliers shall design and manage their logistics processes to ensure quality and on time delivery of directed quantities to the location and at the times specified by Matcor-Matsu Automotive Group.

In partnership with our suppliers, Matcor-Matsu Automotive Group will work to develop logistics planning that ensures:

- Minimal complexity in logistics business processes
- Maximum flexibility to support response to late changes in volume or timing of deliveries
- Minimal inventories in the supply chain
- Packaging designs support all handling and loading requirements
- Just in time delivery that complies with established delivery times
- Focus on continuous improvement
- Timely communication of all potential supply interruptions

Suppliers must be prepared to provide delivery costs based on:

- 1. FCA (Free Carrier)
- 2. DDP (Delivered Duty Paid)
- 3. Other (As directed by Matcor-Matsu Automotive Group)

Based on the information provided, Matcor-Matsu Automotive Group will determine the Incoterms that will be used.

Brokerage fees on all imported products are typically the responsibility of Matcor-Matsu Automotive Group, unless otherwise indicated.

## 5.2 PACKAGING

Suppliers are required to adhere to Packaging Guidelines as defined by the Matcor-Matsu Automotive Group receiving manufacturing location, as well as all necessary AIAG/Customer Specific Requirements and Global REACH requirements. The Matcor-Matsu Automotive Group guidelines will be provided by Matcor-Matsu Automotive Group packaging representative. Special packaging and labeling requirements, in support of specific Product Launch activity, may be requested by a Matcor-Matsu Automotive Group facility. In the event that special packaging is required, design and approval will be managed as part of our overall APQP Program Delivery Process.

In preparation for product launch, production packaging approval, as well as back up packaging approval must be obtained from the Matcor-Matsu Automotive Group procuring plant(s) prior to a line Run @ Rate.

In order to ensure planned packaging optimizes the cube utilization of the transport vehicle, the plant assembly practices and lean operations, suppliers are responsible to validate packaging design to these requirements if not directed differently by Matcor-Matsu Automotive Group. Approval must be submitted with the PPAP submission. A unit load, regardless of returnable or expendable packaging, must be stackable with overall dimensions that allow for optimum cube utilization of the transport vehicle. Packaging that will be used to support service requirements, also requires the approval of Matcor-Matsu Automotive Group. Matcor-Matsu Automotive Group encourages suppliers to initiate design and cost improvement ideas, however Matcor-Matsu Automotive Group approval must be obtained prior to implementation of any packaging changes.

A completed supplier packaging form must be submitted to the Matcor-Matsu Automotive Group manufacturing facility, for approval of all new packaging or proposed changes to existing packaging. Approval must be granted prior to the first production shipment.

All suppliers supplying goods to Matcor-Matsu Automotive Group, that are considered to be controlled materials, must comply with appropriate legislated regulations for labeling, packaging and shipping, including SDS (Safety Data Sheet) documentation. Material requiring SDS shall not be shipped, without prior approval.

All solid wood packaging/pallets and crates must comply with the International Plant Protection Convention Standard ISPM #15.

Suppliers are responsible for the removal of all expired labels and debris from containers prior to packaging new material. Suppliers are responsible for ensuring that all containers are clean and that all functional gates or hinges are operational and safe.

## 5.3 LABELLING

The supplier shall be responsible for the clear identification of products during all phases of production and delivery, and shall ensure appropriate labelling prior to shipment. All materials for prototype or production consumption, shipped to Matcor-Matsu Automotive Group manufacturing facilities, must be identified with labeling containing both human-readable text / graphics, and machine-readable, bar coded symbols.

These materials shall contain, as applicable: container labels, master labels, mixed load labels, primary metals labels, and part labels if specified by design records or specifications. All labels must be legible and able to be scanned, in compliance to AIAG or Customer Specific Requirements or standards designated by the plant(s).

Characters and symbols shall comply with the requirements of AIAG, B-8 standard – Quality Assurance Guide for Shipping Labels and Other Bar Code Applications.

Parts Shipping labels (container, master, and mixed load), shall comply with the layout formats defined in the AIAG, B-3 standard – Parts Shipping Label. Customer specific content may be specified by a Matcor-Matsu Automotive Group plant. Primary Metals labels shall comply with the layout format defined in the AIAG, B-5 standard – Primary Metals.

Part labels shall comply with the requirements defined in the AIAG, B-4 standard – Parts Identification and Tracking Application Standard.

Label placement, orientation, quality and quantities shall follow the guidelines contained in the AIAG, B10 standard – Trading Partner Labels Implementation Guide, unless otherwise specified by plant specific requirements. Barcodes shall be type Code 3 of 9 (Code 39) and shall conform to the standards published by the Automotive Industry Action Group standard (AIAG-B10) B-10 Label Specification.

#### *5.4 MATERIALS PLANNING AND FORECASTING*

The nature of the manufacturing and assembly processes, within our plants, varies greatly. Based on the complexity of the manufacturing process, as well as the location and distribution of the supply base, each plant has unique materials planning requirements. Logistics and scheduling are plant specific and the Supplier should contact the Purchasing and Materials Groups at the procuring plant(s), for details.

It is the responsibility of the supplier to immediately contact the responsible plant in the event they are unable to meet all requirements for delivery date, time, quantity and quality or if the supplier has not received a weekly or scheduled production release. Matcor-Matsu Automotive Group is responsible for only those production releases identified as firm or locked releases. Similarly, Matcor-Matsu Automotive Group is responsible for only those raw material or component releases identified as firm or locked. Forecast volumes are for forecasting purposes only.

Suppliers must respond to all Material Releases received from Matcor-Matsu Automotive Group in order to ensure their own supply of components and materials can support Matcor-Matsu Automotive Group manufacturing facilities demands. During critical stages, such as Product Ramp or Product Launch, suppliers shall meet all release demands necessary to support system fill and launch. If the product or component is not fully approved (PPAP) suppliers must receive written authorization or an approved interim Part Submission Warrant (PSW) from the appropriate plant personnel, prior to shipment. If the Supplier has not received such authorization, they shall elevate immediately, to the procuring plant's Materials

Management organization, in order to ensure support of system fill and launch. Under no circumstances should unapproved material be shipped without proper, signed authorization.

Material forecasting information will be communicated to the suppliers through their regularly scheduled releases. While this information is an indication of future material requirements, it is for the supplier's planning purposes only and does not constitute a binding release authorization on the part of Matcor-Matsu Automotive Group.

Suppliers need to maintain sufficient safety stock and finished goods inventory to accommodate 100% on-time delivery. Short shipments must be communicated immediately, along with a corrective action and recovery plan. Suppliers with production contracts with Matcor-Matsu Automotive Group must maintain the ability to provide after-market and service components for a period of fifteen years following the end of program or production for individual components or assemblies, or for such longer or shorter period of time as stipulated by Matcor-Matsu Automotive Group's respective Customer for the Program, as communicated to the Supplier. The Supplier has the responsibility to maintain any tooling and/or assembly equipment in condition sufficient to support service requirements. Service schedules and pricing shall be determined in negotiation with the procuring plant.

## **5.5 TRANSPORTATION, SCHEDULES & ROUTING**

It is important that our suppliers are aware of transportation and delivery requirements, as it is one of the key performance metrics upon which they will be assessed. Matcor-Matsu Automotive Group supports the industry initiative of inventory reduction, recognizing however the importance this places on accurate and timely delivery of quality product, while also ensuring no customer production interruptions. It is our expectation that suppliers will deliver 100% on time to our locations, in compliance to schedules.

Suppliers may receive routing information including transportation method, pick-up and delivery window times as communicated by the Matcor-Matsu Automotive Group manufacturing facilities you are working with. Your procuring manufacturing facilities will make certain that all transportation and routing details are clearly specified. Suppliers must question any ambiguous or unclear instructions. Unauthorized deviations from these routing instructions may result in a debit to the supplier for any incurred excess freight charges, including resultant administrative charges.

All costs incurred as a result of missed or late shipments, which are the responsibility of the supplier, shall be recovered from the supplier. All material entering from a foreign country must have "Country of Origin" clearly marked on the *pro forma* Invoice, as well as on the original Commercial Invoice. Brokerage fees for imported product are typically the responsibility of Matcor-Matsu Automotive Group, unless otherwise negotiated. All fees and charges resulting from the export / return of defective product shall be the responsibility of the appropriate supplier.

### ***C-TPAT/PIP and FTA/Customs Compliance (Applicable regions only)***

Within the appropriate Free Trade Agreement (FTA) region, and as directed by your procuring

plant(s), suppliers shall cooperate with Matcor-Matsu Automotive Group in support of compliance to requirements of the US Customs and Border Protection and Canada Border Services Agency joint security program known as the Customs-Trade Partnership Against Terrorism (C-TPAT) and Partners in Protection (PIP).

[http://www.cbp.gov/xp/cgov/trade/cargo\\_security/ctpat/](http://www.cbp.gov/xp/cgov/trade/cargo_security/ctpat/)  
<http://www.cbsa-asfc.gc.ca/security-secure/pip-pep/menu-eng.html>

Suppliers, who are currently registered to C-TPAT or PIP, must complete the appropriate sections of the **Matcor-Matsu Automotive Group C-TPAT/PIP Security Questionnaire**. Suppliers who are not currently registered to C-TPAT or PIP must complete the entire questionnaire. All suppliers must send the appropriately completed questionnaires to their supplier contact. Suppliers must provide an updated Security Questionnaire on an annual basis. Failure to complete or post the questionnaire may affect a supplier's rating and have potential impact on future business opportunities.

Shipments that cross FTA international borders should ensure that the truck container shipments have a high security seal that meets or exceeds the standards outlined in ISO/PAS 17712. The seal number must be included on the supplier's ASN for production and service shipments.

Suppliers within the North American region must complete the USMCA (United States)/CUSMA (Canada)/T-MEC(Mexico), Certificate of Origin, as directed by your procuring plant(s). Suppliers outside the North American region, as well as suppliers in Europe, must complete a Declaration or Statement of Origin, as directed by your procuring plant(s). At times, other documents may be requested to fulfill our obligations under the Canada-United States Mexico Trade Agreement or in compliance to third country deliveries within the European Union. All completed documents shall be submitted as per direction from your procuring plant(s). It is your responsibility, as a supplier, to notify your procuring plant(s) within thirty (30) days of any change in the USMCA/CUSMA/T-MEC status of a procured good. Failure to complete the requested documents, or advise of a change in origin status, may affect your rating and have potential impact on future business opportunities. Suppliers shall be responsible for costs incurred as a result of missing, late or inaccurate reporting. Suppliers must inform Matcor-Matsu Automotive Group immediately, in the event of any change to the origin of goods.

It is also expected that suppliers maintain sufficient and required expertise to ensure, in partnership with Matcor-Matsu Automotive Group, all necessary Trade Agreement and Customs Compliance regulations and documentation.

<http://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/> (Canada)

<http://www.cbsa-asfc.gc.ca/publications/cn-ad/cn20-22-eng.html> (Canada)

[http://www.usitc.gov/harmonized\\_tariff\\_information](http://www.usitc.gov/harmonized_tariff_information) (United States)

<http://www.cbp.gov/trade/priority-issues/trade-agreements/free-trade-agreements> (United States).



## 5.6 DOCUMENTATION

An Advance Shipping Notice (ASN) must be sent to the Material Planner, or appropriate plant contact, within 30 minutes of each shipment leaving the supplier's plant. In the event of a known shortage or late shipment, the supplier shall contact the appropriate Matcor-Matsu Automotive Group plant(s) and advise of the shortage or late shipment. The supplier shall also indicate the anticipated time of delivery of the expedited material required to complete the original schedule. This notification is critical in allowing communication to production and, if necessary, to a Matcor-Matsu Automotive Group Customer.

The supplier shall maintain a third-party, or an alternate, approved contingency to facilitate scheduling and ASN communication in the event of a system failure at their location.

Suppliers must ensure that all material shipped is identified on a Packing Slip or Bill of Lading. While individual plant specifications may differ, the information typically required includes:

- Shipment date
- Invoice/Packing Slip number
- Address Sold to
- Address Shipped to
- Individual line item for each part number shipped
- Part Number and Part Description
- Purchase Order number, for each part number
- Order release number
- Quantity ordered & Quantity shipped
- Number of cartons/skids/containers shipped
- Total number of cartons/skids/weights

## 5.7 MATERIALS MANAGEMENT OPERATIONS GUIDELINES (MMOG)

The "M-7: Global Materials Management Operations Guideline Logistics Evaluation (MMOG/LE)" guidelines were developed to reduce the time and work required by suppliers and customers to determine materials process compliance.

Using the guidelines, suppliers complete a self-assessment and receive "A," "B," or "C" ratings based on their compliance. While deficiency in one or more critical areas automatically earns a "C" rating, the MMOG/LE guide automatically develops an action plan to allow companies to address deficiencies and drive continuous improvement.

Suppliers shall complete the MMOG, or other specified assessment, if requested to do so, by their procuring plant. Suppliers unfamiliar with MMOG shall contact the appropriate plant, for assistance.

## 6. SUPPLIER PERFORMANCE

### 6.1 SUPPLIER PERFORMANCE REPORTING

Supplier performance and overall status is monitored. There are also internal reporting systems designed to report supplier status to other Matcor-Matsu Automotive Group manufacturing facilities. Group and plant specific reports may be available through local Purchasing or Quality departmental contacts.

### 6.2 OPERATIONAL RATING CRITERIA

Supplier quality and delivery performance is the basis for a supplier's operational status and is monitored by Matcor-Matsu Automotive Group on a regular basis.

Key operational metrics will include, but not be limited to:

- ❖ Number of non-conformance incidents
- ❖ Demerit Points
- ❖ Costs of non-conformance
- ❖ Delivery issues

The Supplier Performance Report (Monthly and YTD) is used to monitor the Supplier Performance on a Calendar Year Basis. The Quality Manager / Designate issues the MCN (Material Compliant Notice) whenever Quality / Delivery issue is identified for Supplier Part. Applicable Cost Recovery Action takes place with request for appropriate Corrective Action as deemed necessary by the Quality Manager / Designate.

The Supplier Performance Report is updated with MCN, Demerit Points, Cost Recovered and Delivery Issues for each Calendar Year (from January to December).

Suppliers are expected to take immediate and appropriate action to address any performance shortcomings that are identified through the performance metrics. The Matcor-Matsu Automotive Group escalation model will be used, as necessary, to address under-performing suppliers

The Improvement Plan is requested from Suppliers who fails meeting the set goal for MCNs and Demerit Points.

Beginning of the New Calendar Year, the Performance Tracking resets for all Suppliers and follow the same cycle.

On a Quarterly Basis the QA Manager or Designate will send to all Suppliers the "Quarterly Supplier Quality & Delivery Performance Report" stating the Total Number of Complaints, Total Cost Recovered, Total Number of Demerit Points and the Total Number of Delivery Problems.

If during the Quarter the Supplier Reached a Total Number of Complaints more than 5, and / or a total Number of Demerit Points more than 10 the QA Manager or Designate will request an Improvement Plan to correct the Issue(s). Upon receiving of the Improvement Plan the QA Manager will review and decide is a Supplier Audit at the Supplier Location will be necessary or not.

Customer specific requirements of the Volkswagen Group in addition to the requirements of IATF 16949:2016. 9.1.2.1 Customer satisfaction — supplemental Customer Score Card (Volkswagen Group B2B - "SCQ") See also: ADP Score-Card-Training-Module (IATF) (VW Suppliers only).

### *6.3 CONTINUOUS IMPROVEMENT*

Suppliers must establish continuous improvement as an integral part of their management systems and business planning process. Continuous improvement activities must be documented and tracked as key performance indicators. Suppliers are expected to establish continuous improvement targets and use all appropriate data to drive continuous improvement and improve customer satisfaction. It is expected that suppliers will use all appropriate tools, such as the PDCA cycle, Six Sigma and other appropriate methodologies to ensure a disciplined and systemic approach to continuous improvement.

## **7.0 VALIDITY PERIOD OF THIS SUPPLIER QUALITY MANUAL**

This Supplier Quality Manual is valid and in effect for the duration of the awarded business between the Supplier and Matcor-Matsu Automotive Group. Matcor-Matsu Automotive Group website will carry the latest version of this Supplier Quality Manual.

## 8.0 SUPPLIER ACKNOWLEDGEMENT

Dear Supplier,

Matcor-Matsu Automotive Group has developed this Supplier Quality Manual in an effort to communicate, clarify and document our requirements to all current and future suppliers.

This manual is 'distributed' only via the Matcor-Matsu Automotive Group website. Printed copies are uncontrolled documents. The suppliers are expected to remain up to date on Matcor-Matsu Automotive Group requirements by frequently visiting the website: <http://www.matcor-matsu.com>. Visiting the website should become a business routine. Questions regarding this manual should be directed to Matcor-Matsu Automotive Group supplier's quality contact.

It is requested that Supplier representatives sign and date this acknowledgement and fax or email a copy to the attention of:

**Purchasing Department; Fax; 905-291-5005 or email [rkutty@matcor-matsu.com](mailto:rkutty@matcor-matsu.com).**

We have reviewed the Matcor-Matsu Automotive Group Supplier Quality Manual and understand and agree to the contents and conditions specified therein.

Supplier Name: \_\_\_\_\_ Location: \_\_\_\_\_

Quality Manager: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Plant Manager: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

## 9.0 GLOSSARY OF TERMS

AIAG	Automotive Industry Action Group
APQP	Advance Product Quality Planning
ASN	Advance Shipping Notice
CAD	Computer-aided Design
CAR	Corrective Action Request
CQI	Continuous Quality Improvement (Series of self-assessment standards for specialized processes including, heat treat, plating, coating, warranty, welding and soldering)
CS	Controlled Shipping
CUSMA	Canada-United States Trade Agreement
C-TPAT	Customs-Trade Partnership Against Terrorism
DDP	Delivered Duty Paid
DFMA	Design for Manufacturing and Assembly
DFMEA	Design Failure Modes Effects & Analysis
DOE	Design of Experiments
DUNS	Data Universal Numbering System (A unique nine-digit identification number, issued by Dun & Bradstreet, identifying each unique business location)
DV	Design Validation
EV	Engineering Validation
FCA	Free Carrier
FEA	Finite Element Analysis
FIFO	First in First Out
FMEA	Failure Mode and Effects Analysis
FMVSS	Federal Motor Vehicle Safety Standards
GD&T	Geometric Dimensioning & Tolerancing
IATF	International Automotive Task Force
IMDS	International Material Data System
ISO	International Organization for Standardization
ISPM	International Standards for Phytosanitary Measures
MMOG	Materials Management Operations Guidelines
MSA	Measurement Systems Analysis
SDS	Safety Data Sheet
NAFTA	North American Free Trade Agreement
OE(M)	Original equipment (manufacturer)
OHSAS	Occupational Health & Safety Advisory Services
PCP	Process Control Plan
PDCA	Plan-Do-Check-Act
PFD	Process Flow Diagram
PFMEA	Process Failure Modes Effects & Analysis
PIP	Partners in Protection
PPAP	Production Part Approval Process
PSW	Part Submission Warrant
PV	Production Validation
REACH	Registration, Evaluation, Authorization and Restriction of Chemicals
RPN	Risk Priority Number
SPICE	Software Process Improvement and Capability Determination

**10. RECORD OF REVISIONS**

<b>Old Revision Level date</b>	<b>New Revision Level date</b>	<b>Page #</b>	<b>Description of Change</b>
NA	8-Mar-2017	All	Initial release - Draft
8-Mar-2017	15-Sep-2018	All	TS16949 removed, <i>Supplier Performance, Operational Rating Criteria revised / updated.</i>
15-Sep-2018	5-Feb-2020	All	VW CSR added (VW Suppliers only)
5-Feb-2021	30-Aug-2021	31	Update the requirements for USMCA/CUSMA/T-MEC Certificate of Origin., and update link information to government websites
30-Aug-2021	30-Aug-2021	37,38	Update Glossary of Terms to Include USMCA/CUSMA/T-MEC Acronyms
30-Aug-2021	12-Apr-2022	5, 6, 7	Updates: Corruption, extortion & bribery, Conflict of Interest, Whistleblowing & protection against retaliation, GHG emissions, energy efficiency & renewable energy, Water Quality and Consumption, Sustainable resources management and waste reduction.
12-Apr-2022	26-Apr-2022	All	Page Numbers Revised
26-Apr-2022	18-Jul-2022	7	Export and trade compliance added, Counterfeit parts added.